

24.

PROSPECTUS.

RIO GRANDE & PECOS RAILWAY COMPANY.

A. C. HUNT, President,

W. J. McGAVOCK, Vice-President,

H. L. CAKE, Treasurer.

GENERAL OFFICES, LAREDO, TEXAS.

June 1st, 1882.



PROSPECTUS

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A FINE FIELD FOR INVESTMENT.

"During seasons of depression and shrinkage in values of all classes of speculative stocks, such as shown in the present state of the share market, careful and conservative investors naturally cast about for something which recommends itself as at least reasonably certain of a fair return for their money. Those acquainted with the geography of the United States are aware that the country South and North, and West, is well cut up with railroad lines, and that many sections have numerous parallel or competing routes, which are each struggling for the possession of public business.

"But this state of affairs does not necessarily make it a fact that there are too many railroads in the country, as is claimed by many. It only shows that there are too many parallel and competing lines in particular sections of the country, the growth and business of which does not afford remunerative traffic for all, and consequently the fluctuation in prices, such as was witnessed on the Stock Exchange lately, by which thousands have been ruined financially, while a few became richer, is the natural consequence.

"There is yet a large section of the West and Southwest which needs the aid of railroads to open up the lands now awaiting settlement, as well as to afford cheap means of transportation for the product of sections thickly populated, and devoid of other than old-fashioned ways of locomotion. In the building of these roads, first mortgage bonds are issued, in order to complete the work that private and individual capital could not attempt or accomplish.

"These should be regarded as good securities of new and first-class roads, for the reason that they are bonded for from \$15,000 to \$25,000 per mile, thus assuring the absolute certainty of the payment of their interest. Roads built in years past have a first mortgage debt of from \$34,000 to \$75,000 per mile, thus necessitating increased traffic to meet the accruing interest. In fact, there seems to be no better or safer investment for capital at this time than first mortgage railroad bonds in first-class roads, no good or honestly managed road having defaulted in their interests. These bonds can be hypothecated, and a loan obtained at legal rates of interest, in times of depression, while money can only be raised on first mortgage bonds on real estate by the actual sale of the mortgage at a heavy discount.

"A first mortgage railroad bond covers all the roadbed, franchises, rights of way, and rolling stock, and where a road is bonded at a rate not to exceed \$25,000 per mile, the bonds are an absolutely safe security, and should command the prompt attention of capital.

"The value of the stock of the road should only be in proportion to the amount of dividends earned after paying all the interest on the bonded debt. Investment in first mortgage railroad bonds should not be controlled by the rise and fall of railroad stocks dealt in at the Stock Exchange, as, with very few exceptions, stocks thus traded in are not intrinsically worth over 15 to 25 per cent. on their par value, and that only for voting purposes and powers. This statement does not include the very few first-class roads or trunk lines which are able honestly to pay interest on all their bonded debts, and a handsome dividend on their stock from actual earnings.

"Taking everything into consideration, it would appear that a safe opportunity for paying investment presents itself—one affording the best security known—in first mortgage railroad bonds, which should rank above Governments, as they add the advantage of paying a greater amount of interest, and, as long as the Government lasts, are as safe in their values."

Headquarters Army of the United States.

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Washington, D. C., May 16, 1882.

A. C. Hunt, Esq.

Dear Sir:

Your letter of April 30 was handed me in St. Louis, when I was so engrossed with the crowd and business of a meeting of the Old Army of the Tennessee, that I hardly had time to read it, much less answer.

I am now back at my post in the War Department, and have no hesitation in writing that a Railroad from the mouth of the Rio Grande, Brasos Santiago, along its valley up as far as San Felipe, will aid the Military authorities in maintaining forever that peace which now prevails there, and which tends to fill Texas with an industrious, thriving population. All the main railroads either built, or projected, strike the Rio Grande at right angles, whereas the one projected by you, follows substantially its valley up to the point named, San Felipe, where the California Southern leaves it toward San Antonio.

I wish you as always, the most complete success in this enterprise, and though I must be careful not to be used to solicit subscriptions of money from the public, I am willing that you should show this letter for what it is worth. Railroads have doubled the population of Texas in the past ten years, and in my recent visit I found continuous farms, where, ten years ago, was a wilderness raided weekly by the Kioways and Comanches.

A railroad up and down the valley of the Rio Grande will be the best picket line possible.

Again wishing you success in this enterprise, as in the past ones of Colorado, I am

With respect, etc.,

W. T. SHERMAN.

RIO GRANDE AND PECOS RAILWAY COMPANY.

A glance at the map herewith, shows the exceptionally advantageous position of this company's line of road. It runs for 500 miles through one of the richest portions of Texas; rich in arable and pastoral agriculture; rich in coal and lime; rich in building stone and in mines of lead, copper, and silver.

Commencing at or near the mouth of the Rio Grande river, it follows up its left bank or east side to the mouth of the Pecos river, and thence up that stream to near its source, and to a junction with the Denver and Rio Grande Railway system in Colorado, now about twelve hundred miles in extent. Its route is intersected by seven completed east and west lines of railway, three of them having continental proportions.

It is proposed to build during the present year 125 miles of this road on that portion of its line between Laredo and Eagle Pass. At Laredo the International and Great Northern (standard gauge) and the Texas Mexican (narrow gauge) railways terminate. At Eagle Pass a branch of the Southern Pacific (standard gauge) and the Texas and St. Louis (narrow gauge) railways terminate. From Eagle Pass the International and Mexican (standard gauge) is projected to the City of Mexico, and the Topolovampo Pacific Railroad (standard gauge) to Topolovampo Bay, near the mouth of the Gulf of California. From Laredo, the Mexican National (narrow gauge) and the Mexican, Oriental Interoceanic and International (standard gauge) railways are projected, and partially built, to the City of Mexico.

At Brownsville, the New York, Texas and Mexican (standard gauge) Railway terminates, about 100 miles of which is now completed. From Matamoras, on the opposite bank of the Rio Grande river, a division of the Mexican National Railway is projected and partially built to Monterey.

The Texas Mexican Short Line (narrow gauge) Railway is projected and partially built from Meir, on the right bank of the Rio

Grande, to Galveston, via Casas-Blancas, San Diego, Beeville, Victoria, and Columbia.

The Galveston and Eagle Pass Air Line (standard gauge) Railway is projected, and funds provided to build from Galveston to Eagle Pass, via Columbia, Wharton, Cuero, and Pleasanton. At Eagle Pass this line is intended to connect with the Topolovampo Pacific Railroad.

The Texas Western (narrow gauge) Railway is projected and partially built from Houston to the mouth of the Pecos River, via Patterson, Lagrange, Blanco, and Fredericksburgh.

To accommodate *both systems or gauges*, *three rails* will be laid on the greater portion of this Company's line between Brownsville and Eagle Pass.

COAL.

On the line of its road and about twenty-five miles from Laredo exists a *coal field* of limited extent and controlled by this Company, twenty thousand acres of which it owns in fee simple, and which are covered by the mortgage made to the Trustee of the First Mortgage Bondholders of the Company. The coal is a superior quality of cannel coal, equal to the best English, superior to other American, and is the only good steam coal thus far found in Texas, excepting in the neighborhood of El Paso, some 350 miles further to the westward. Within the next thirty days the railroad will be completed to the coal mines, which are now in an advanced stage of development, and capable of yielding a daily output of hundreds of tons. There is a present large demand for this coal by some of the companies above named, and by the towns along the lines of their roads for hundreds of miles. The Superintendent of the Company, Major W. W. Hungerford, estimates that with the completion of the road to Brownsville, on the Gulf of Mexico, there will be a daily demand for 750 tons of coal, a demand which will yearly augment. This coal has been used for some time by the locomotives on the Texas Mexican Road and with the greatest possible satisfaction. Testimonials of its excellence have been furnished by the Superintendent of that road and also by that of the International and Great Northern. Tests have been

made of its value for gulf steamships, and for household purposes it is unsurpassed. It is a very fine gas coal.

When it is remembered that there is no timber growth in all Southwestern Texas, the wide-spread and many uses there will be for it, become apparent. In addition to the profit the Company will derive from its sale, by reason of its ownership, is its immense value as a source of traffic for its line of road. In a very few years this coal land will be worth \$100 per acre, a sum greater than the total bonded indebtedness of the road.

LANDS.

The Company will be entitled to, and will receive from the State of Texas land scrip or warrants amounting to 10,240 acres per mile for each completed ten miles of road. This scrip is locatable on any vacant lands in the State. It is expected the Company will be entitled within the next sixty days to about 275,000 acres, and will receive at least 200,000 acres of this land scrip which can be very soon thereafter located, thereby making a very important addition to the assets of the Company. Whatever may be derived from the sale of the lands will go into the treasury of the Company for the general use of the road.

Local opinion of this road and its merits, is indicated by the following newspaper extracts:

[*From the Galveston News.*]

THE NEW BORDER ROAD.

Since our last issue we have been shown articles of incorporation of the Rio Grande and Pecos Railway Company, which were filed at Austin in the office of the Secretary of State on the 3d day of March in accordance with the laws of the State of Texas governing incorporations, and which have in every manner conformed to its demands. A thorough perusal of these articles shows the inception of a wonderful and great enterprise that will redound to the benefit of the master mind that conceived it and the country through which it will pass. To Gov. A. C. Hunt, of Colorado, all credit must be given for its conception and commencement. His thorough knowledge of railway construction and indomitable energy and will, capable of surmounting all difficulties and obstacles, render him peculiarly adapted for pushing a work of such magnitude as this through. He is better known as the inceptor of the Denver and Rio Grande narrow gauge railway that permeates the mountain fastnesses of the Centennial State. By his wonderful go-ahead-iveness and perseverance he accomplished the greatest engineering feats in completing the above-named road through districts that were considered impassable for anything except the pack-mule. He laid open the wealth of Colorado by his superhuman efforts, and for that work he became famous in the railroad circles of the world and commands the unlimited confidence of railroad people. With his usual shrewd foresight, he enlisted the services of ex-Gov. J. W. Throckmorton, of this State, and together incorporated this vast enterprise.

They have associated with them Hon. H. L. Calkins, former representative in Congress from the Schuylkill district of Pennsylvania, and also a heavy coal operator in that State; Santos Benavides, of Laredo, of this State, one of the wealthiest Mexicans on the border and known as one of the most enterprising on this side of the river; Ysidore Guzman and Santiago Sanchez, of Mexico, both

of immense wealth and progressive men. Gov. A. C. Hunt is President, W. J. McGavock is Vice-President, and H. L. Cake Treasurer, and they have called into requisition the valuable services of Col. W. W. Hungerford, formerly General Superintendent of the Texas-Mexican Railway. His long experience in railroad construction North and East makes him a valuable acquisition. This company has also secured the valuable services of Mr. W. E. Thurber, former General Freight and Passenger Agent of the Texas-Mexican Railway, as Assistant Secretary and Treasurer. His thorough practical knowledge of railroading and fine business capacity is brought to bear in the interest of the new road, which assures us of his confidence in its ultimate success.

The cause of the formation of this new company was the development of the vast coal interest owned by the management of the road, which is situated about twenty-five miles north of Laredo, on the Rio Grande. This coal is of the finest cannel variety, equaling if not superior to the famous mines of Kentucky and Ohio. The fields are inexhaustible, and with a capacity of over eight hundred tons per day, will be made to yield handsomely to investors. It has already a large local consumption at Laredo and on the Texas-Mexican, and Mexican National, and when the road is completed to the mines, its use will be ten-fold greater.

The principal business offices are located at Laredo, Texas, and the road will be built as rapidly as possible.

When completed to Brownsville, the road will be able to furnish coal to the American and foreign steamships that ply their trade with Mexico.

It represents, as will be readily seen by all shrewd business men, one of the finest investments for capital that has ever been offered in the State of Texas.

It presents an immediate return from the vast coal fields that are situated along the proposed line, which, when opened up to commerce, will yield as quick and ready return as those of Pennsylvania, Kentucky, Ohio, Indiana, and Illinois. This is the advantage it possesses over like corporations, as its dividends are always at hand, and it is not subject to the variations of the seasons to reap its reward. This, Gov. Hunt, with his quick perception, at once saw, and immediately grasped the opportunity ere it was too late, and is making the best possible use of his knowledge to insure speedy success to his undertaking.

The projected line crosses at right angles with the Eagle Pass branch of the Huntington road, the International and Great Northern and the Texas-Mexican at Laredo, and then makes its way down the Rio Grande valley to the coast. This road will control the following Mexican ports of entry: Matamoros, opposite Brownsville; Reynosa, opposite Edinburg; Camargo, opposite Rio Grande City; Mier, opposite Roma; Guerrero, opposite Carrizo; Nuevo Laredo, opposite Laredo, and Piedras Negras, opposite Eagle Pass, thus virtually controlling the immediate trade of the Mexican border, besides that from the interior of Mexico, which relies solely upon the above-named ports of entry as gateways for their merchandise. Not only the above-mentioned advantages, but it will open up the extensive sugar lands of Cameron county, and with the aid of irrigation will make the entire border an agricultural belt, where all the smaller grains can be cultivated, and so vernal is the climate that *two crops* per year can be easily harvested, and which, on some portions of the river, is now being accomplished.

Last, but not least, it will settle the vexed question of border protection which has so long retarded the development of that most wonderful mineral and agricultural belt; when troops can be easily and rapidly transported from one point to another on the border, without fatigue to them, it will be an incentive to check any attempted invasion of the country by marauders and thieves; and it will ultimately form a concentration of the troops upon the frontier to more important posts, and thus be a great saving to both the government and the people, and in the end make it one of the most peaceful sections of the Union, a "consummation devoutly to be wished for." All these and more too are the advantages possessed by this projected line, and which its shrewd incorporators saw when upon the ground and immediately took possession of.

These points could be dwelt upon at great length, but the above will suffice for business men. They will be sufficient inducement for them to invest, together with the well-known assurity and ability of the management of the road, as such men as Gov. Hunt, Gov. Throckmorton, and the others have proven themselves to be, and it is to be sincerely hoped that this grand project will have been consummated at no distant day, and judging from the past work of Gov. Hunt and his associates, the future success of this great enterprise is already assured.

The following is from the same paper of April 12, 1882.

THE GREAT COAL BEDS NEAR LAREDO.

FABULOUS WEALTH OF THE FAMOUS SANTO TOMAS MINE — WHAT GOVERNOR A. C. HUNT HAS DONE FOR TEXAS IN SECURING AN ABUNDANT SUPPLY OF FUEL.

(Correspondence of the News.)

The importance of the question as to where the future supply of fuel must come from to meet the wants of the great State of Texas, is the only explanation to be offered for burdening the columns of THE NEWS with this lengthy article. It is a well-known fact that the mesquite wood is the principal fuel used by a large portion of Northern and Western Texas, but it is not so well known, however, but true, nevertheless, that the acids liberated in the combustion of this wood, act most injuriously on iron, rendering it worthless in a very short time, comparatively speaking, and the annual cost to Texas in replacing stoves and steam-boilers destroyed as indicated, amounts to hundreds of thousands of dollars, to say nothing of the increased liability of boiler explosions by its use. Hence, the development of coal beds in Texas must solve the problem as to this future supply of fuel, and with the purpose of publishing to the world a true statement of the coal supplies near Laredo, your correspondent visited the section of country where the coal beds are located, and spent some time in a personal inspection of the coal mines already opened, besides taking notice of the evidences which go to indicate the extent of the coal veins, and their wealth, which can not be estimated until we take into consideration the extent and quality, breadth and length and thickness of the vein of cannel coal that crops out now all along the face of these hills for twenty-five miles up the Rio Grande river. A little more than a year ago steel bands began to stretch across the unsettled frontier that separated this Rio Grande valley from the wealthy and populous regions to the north, and in advance of them came a little wiry man in physical stature, but in brain-power, nerve and energy, a very giant.

Ex-Governor A. C. Hunt, of Colorado, soon after his arrival, took in the whole situation, and at once set to work prospecting,

and last April, one year ago, leased from two of our citizens, Mrs. Refugio Benavides and C. M. McDonnell, all the coal beds that might be found on the Santo Tomas tract of land fronting on the Rio Grande, twenty-seven miles above Laredo, and containing about fifty thousand acres, for fifty years. In addition to this he has purchased twenty-six thousand acres in his own right, which, with the Santo Tomas tract, virtually give him control of all the coal beds in this region. Having secured the Santo Tomas tract, work was at once commenced, about the 18th of April, 1881, to open up the

GREAT SANTO TOMAS

mine, and up to December last Gov. Hunt had spent about \$26,000 in its development. A personal inspection of this mine was the main purpose of your correspondent, which was fully accomplished before returning. Within less than one hundred feet of the Rio Grande, and just twenty-seven miles above Laredo, is graded one section of the Rio Grande and Pecos road, and immediately over the roadbed a coal chute is constructed that is intended to deliver the coal directly into the cars. At this time it is emptied into wagons at the rate of thirty tons per day. Ascending a ladder to a height of thirty feet the top of this chute is reached, and from here a tiny railroad stretches to the mouth of a tunnel, entering the towering gray hill to the south at a distance of 200 feet. We noticed at its entrance a seam of coal three feet in thickness, over and underlaid by a stratum of shale and slate, of an average thickness, above and below, of some three or four feet. Entering this tunnel, one hour was spent in exploring the coal seam it has developed, and here follows

WHAT WAS SEEN.

The main tunnel, which is seven feet high and seven feet wide, has been opened to a distance, by actual measurement, 650 feet: along which, every thirty feet, tunnels of the same size have been opened both to the right and left for a distance of 150 feet, many of which have been widened into rooms twenty feet wide, leaving the customary pillars of ten feet to support the roof. At a distance of 300 feet from the mouth an air shaft is opened from one of these wide tunnels, twelve feet square to the top of the hill, 800 feet, which secures a perfect ventilation of the mine. Along the main tunnel its whole distance, 650 feet, as well as to

the end of all side tunnels, is laid an iron track, upon which the coal cars, drawn by mules, enter the mines and carry out the coal. By actual measurement, the thickness of

THE VEIN

which at the opening of the mine was but three feet, has increased to four feet at the present terminus of the tunnel, and the coal seam, which was slightly mixed with foreign matter at the surface, has continued to improve until the vein, at a distance of less than fifty feet from the opening, has become a solid mass of cannel coal of the finest quality. The coal is got out by digging away the slate and shale from beneath it and then blasting it down with powder, pieces weighing a half ton frequently being blown down, which have to be broken up to load on the coal cars.

THE DIP

of this vein as far as worked averages six inches to the 100 feet, and the vein runs from northwest to southeast. All indications go to show that the vein is, comparatively speaking,

INEXHAUSTIBLE.

Its outcroppings along the banks of the Rio Grande demonstrate that the vein is at least twenty miles wide, and throughout the thousands of feet of side tunnels opened in the mines the vein never shows any weak points. Up to the present time the mine has been worked more with a view of preparing it so that a large number of miners could work at one time rather than to take out any great amount of coal in advance of its being connected with railroads. The roof throughout this mine is supported by mesquite timbers which never rot nor decay. Up to the present time, but 2,000 tons of coal has been taken out, all of which has found a ready sale at Laredo, at from ten to twelve dollars per ton. Three miles below the Santo Tomas mine, Governor Hunt has opened another mine situated on land belonging to himself, known as the

SCHOOL LAND MINES,

and into which he has drifted two tunnels for a distance of 200 feet, and every indication goes to show that it is equal in all respects to the now famous Santo Tomas mine. It was from this mine the International road took a car-load of coal for an experiment, the test of which was so satisfactory. Not only has the International road tested the coal, but the Mexican National, and Texas

Mexican roads have been using the coal in their locomotives for six months, to the extent of the capacity of the mine to supply it with wagon transportation; besides, it was used through the winter in a number of stoves, and has proved itself in every instance to be cannel coal of the best quality. This coal will be put upon the general market as soon as the Rio Grande and Pecos road is completed to the mines, which will be inside of

THIRTY DAYS,

as the iron, cross-ties, and rolling stock are already purchased, and are now arriving; and grading forces sufficient to complete the grade in thirty days are at work. Three rails will be laid on the Rio Grande and Pecos as far as the coal mines, to enable the narrow-gauge cars to connect with the mines, and as soon as the narrow-gauge is completed from San Diego to Galveston, that city will have two competing lines to the coal mines.

I ship by Texas Express a lump of coal taken from both the Santo Tomas and the School Land mine, which was taken out of the mines by your correspondent from the vein at the extreme end of each tunnel, which I hope will be found worthy to occupy a place in the geological collection of *The Galveston News*. As regards the estimated value of these mines, it is only necessary to consider that, counting the coal seam at only three feet in thickness (though the average is well up to four feet), we have in one square acre, approximately, 4,900 cubic yards of coal—which weighs, by actual test, 2,160 pounds to the cubic yard—which is equivalent to $4,900 \times 2,160$ is equal to 10,484,000 pounds, which is equivalent to 5,240 tons, which, if sold at a low profit of \$2.00 per ton at the mines, realizes the handsome sum of \$10,484 for every acre worked; and when we consider that there are thousands of acres of this coal to be worked, we are not astonished that Governor Hunt should refuse \$400,000 for his coal mine interests near Laredo, and the sum asked for by him, \$1,000,000, was not unreasonable. If we had a few more Governor Hunts to develop other opportunities possessed by Laredo, the day would not be far distant when our city would take rank among the first in the State. Before concluding I must return thanks to Mr. Lou Carlile, the able superintendent of construction, and Charles Pierce, Esq., right-of-way agent for the Rio Grande and Pecos, whose guest we were during our visit, for numerous courtesies and attentions paid the representative of *The News*.

The following from the Laredo *Times* :

RIO GRANDE AND PECOS RAILWAY.

In our issue of March 8, we noticed this new enterprise, the articles of incorporation of which were filed in the office of the Secretary of State on March 3.

While the coal trade along its line, which, as yet, is in its infancy, only having been partially developed, will furnish a large amount of business to the road, it will open up large quarries of the finest stone, including lime in the greatest abundance, and will be the means of fixing the agricultural possibilities of the region through which it passes, embracing such products as cotton, corn, wheat, barley, potatoes, and the finest vegetables. As a factor in the matter of protection to settlers and the consequent rapid increase of population, whereby its own traffic will be increased, it will play an important part, while it will obviate the expense of keeping a large force of troops for the protection of the border. In this connection, we understand that General Sherman considers it one of the most important roads in the country, and has promised it his encouragement in every way possible.

Its encouragement from the State of Texas consists in the provision of the revised statutes which grants sixteen sections of land of 640 acres each, for each mile of road completed and put in running order.

The road commences work with flattering prospects, and the greatest energy possible is being displayed in the prosecution of the work. Already much material is on the ground, and more in transit. Graders are at work under experienced contractors, and soon we may expect to have a more rapid means of transportation.

The advantages of such a line of railroad are too many to be pointed out in a newspaper article, but any person can easily satisfy himself by the aid of a county map of Texas, what advantages it has in itself, in a geographical point of view, and of the extent of the passenger and freight traffic which it will naturally command.

To Laredo, particularly, this road will afford the advantage of the lateral trade of the Rio Grande river, above and below us, as much if not most of its freight will be brought here for transshipment over the roads north and east and into Mexico, while to our border neighbors, above and below, it will give easy and rapid communication with the outside world through this already great railroad centre.

From "TEXAS, HER RESOURCES AND CAPABILITIES," the following extracts are made:

"The State of Texas offers inducements to immigrants which cannot be surpassed in many respects, and are rarely equalled by any other country on this continent. These comprise excellence of climate, soil and water, agricultural, grazing and commercial advantages, and educational facilities; and in addition to all these, cheap lands. Its boundaries enclose an area of 274,356 square miles, or 170,587,840 acres. An idea of its extent may best be formed, perhaps, by comparing it with other countries; for instance, it has 34,000 square miles of area more than the Austrian empire, 62,000 more than the German empire, about 70,000 more than France, is nearly as large as Sweden and Norway together, and twice the size of Great Britain and Ireland. Coming to this side of the Atlantic the comparison is no less startling. The area of all the Eastern and Middle States, including Maryland and Delaware, is 100,000 square miles less than Texas. It is six times as large as New York, seven times as large as Ohio, four times as large as all New England. The area of Ohio, Indiana, Illinois, Wisconsin, and Michigan, taken together, falls short of that of Texas by some 40,000 square miles, or another State as large as Ohio. If you cross the Mississippi you must consolidate Kansas, Nebraska, Iowa, and Minnesota to equal the area of Texas.

"Western and Southwestern Texas are the great pastoral regions of the State. The surface is generally a high rolling table-land, watered by numerous creeks and small streams, but with little timber, except along the streams and on some of the hills and mountain regions of the western part, where forests of cedars, mountain juniper, oak, etc., exist.

"The luxuriant growth of rich native grasses found in this section renders it pre-eminently a stock-raising country, and as such it is unexcelled by any other portion of the continent. The precious metals and other mineral deposits are known to exist in this section of the State, and it is believed their development will be rapid and successful as the country becomes more accessible, when the railroads now in process of construction shall have been completed.

"The region lying about the mouth of the Rio Grande, we do not doubt will some day be distinguished as among the very best

“ of all sugar-lands. The soil is all that is needed, the climate
 “ tropical, and the seasons usually propitious. In this particular
 “ section two crops of Indian corn each year are raised, where the
 “ farmer, who is nearly always a Mexican, is not too lazy to do so.
 “ It is a region in which all parts of the year may be said to be a
 “ growing season of some special and valuable crop. Nature here
 “ never suspends her creative energies for a nap ; or would not do
 “ so if man supplied her with the fruits of the field to practice her
 “ energies upon.

“ For the present this region (Southwestern Texas) is given
 “ up almost entirely to the herdsmen, some of whom own cattle
 “ by the hundred thousand head. These ranches are separated
 “ widely apart, and the territory lying between them is rarely ever
 “ trodden save by the vaqueros and their herds.

“ The aspect is the same on the Gulf plain as elsewhere de-
 “ scribed : extensive prairies crossed by heavily-timbered valleys.
 “ The timbered valleys, however, become less frequent as we pro-
 “ ceed along the shore, and finally they disappear nearly altogether,
 “ there being none of any note between Corpus Christi and Mex-
 “ ico. It becomes a wide unbroken sea of grass, as far as the eye
 “ may sweep with a glass.

“ The tropical wet and dry seasons, spoken of under South
 “ Texas, are not so manifest in this portion of the Gulf plain.
 “ Usually they do not come, but often they do. The average an-
 “ nual rainfall is much lower in this section than in the region
 “ above Galveston. It is over 40 there, and about 25 in the re-
 “ gion of Corpus Christi, and a little less as we proceed toward
 “ the Rio-Grande. The reason is that the prevailing wind in this
 “ portion of the State is southwest and west. It comes for the
 “ most part over an elevated dry region, which takes away much
 “ of its moisture, leaving but little to be precipitated. In the
 “ east the prevailing winds are south and southwest, passing
 “ directly over the Gulf, spreading over the land laden with
 “ moisture. Mainly owing to this difference in the direction of
 “ the prevailing winds, it is warmer in this portion of the Gulf
 “ plain than farther east, though not so to a striking degree. Cor-
 “ pus Christi, with its elevated site on the sea-shore, is a pleasant
 “ summer resort.

“ Passing away from the Gulf plain at any point and moving
 “ north, we enter a vast region of rolling prairies, interspersed

“with much timber in the east, and but little in the west save
 “along the banks of the streams. The region of most timber lies
 “between the Guadalupe and Colorado; and the region of least
 “timber between the Guadalupe and Rio Grande. It becomes
 “less and less as we approach the Rio Grande; but this region is
 “compensated to some extent for this scarcity by mesquite ‘*chapp-*
 “*paral*’ of great extent, furnishing shade and protection to the
 “herds.

“These ‘*chapparals*’ (*i. e.*, dense growth of scrubby timber)
 “though thorny and thick, are not so dense that the herdsman,
 “clad in his buckskin suit, may not dash through them with ease.
 “These mesquite bushes also bear a heavy crop of beans, enclosed
 “in pods from four to eight or nine inches in length, the beans
 “separated in the pod by a thick pulpy matter. When ripe and
 “dry they are highly supplied with saccharine matter, and rich
 “and nutritious. Cattle, horses, and sheep eat them with great
 “avidity, and seem to enjoy them exceedingly. They are admira-
 “ble for fattening, and there is no food in the world which is
 “better for the milk-cow. It produces an abundant flow of milk
 “of the richest and sweetest sort. It is a great blessing to the
 “country. The Mexicans sometimes use the beans for human
 “food, pounding them and making a sort of bread of them.

“A peculiar thing about this legume is this: In seasons of
 “much moisture, when the grasses are rank and rich, the mesquite
 “yields hardly any beans at all; on the principle, apparently, that
 “they are not needed. But in seasons of drouth, when the grasses
 “are parched and poor, then the mesquite is invariably loaded
 “with an enormous crop.

“The grass which nearly always accompanies the *chapparal*, is
 “the excellent ‘curly mesquite,’ which Texas herdsmen contend
 “is scarcely inferior to corn as a food.

“A peculiar feature of the western portion of the region which
 “we are now considering, is the frequency of small lakes, of pure,
 “excellent water, scattered here and there over the whole country.
 “Thus the herds of stock have abundant water without being com-
 “pelled to confine themselves to the districts bordering streams,
 “which they would have to do without these lakes. Thus they
 “are enabled to enjoy and fatten on the whole country.

“The soil of this great country is, of course, very various, but
 “it may be said that in general, arenaceous compounds prevail.

“The prevailing stone is sandstone, and the soil would naturally
 “partake of that character. Yet there are extensive limestone
 “districts, and here, and in the regions contiguous to them, the
 “soil is ‘black-waxy.’ In the river and creek valleys, the soil is
 “always alluvial.

“At present the great interest is stock-raising. It will remain
 “distinctively so a long time, and will never cease to be a good
 “stock country, even after it is quite settled up with farmers.
 “That portion of it along the Rio Grande, especially in Webb
 “county, is mainly occupied by sheep-raisers, for which the native
 “grasses, the rolling country, and the climate suit it admirably.
 “The cheapness of the lands also is such that the sheepman can
 “buy large areas at a very low figure.

“Much has been written about drouths in this locality. The idea
 “prevails among those not personally acquainted with the country,
 “that prolonged and destructive drouths is the rule, and good sea-
 “sons the exception. Indeed, in some sections it is believed that
 “practically this region is a desert, so far as agriculture is con-
 “cerned, and only a garden to the stock-raiser. How far this is
 “an error, may be readily comprehended from the statement of
 “this fact, which cannot be disputed. For eighteen years past,
 “that is to say, since 1864, there has been but one year of drouth,
 “and that was in 1879. In every year since 1864, except that one,
 “the seasons have been all that could have been desired, and the
 “crops abundant. And no country produces like this when the
 “seasons are all right. And even in 1879, when the drouth
 “was indeed severe, as it was even in Central and North-
 “ern Texas, or all over the prairie region, Western Texas pro-
 “duced a good cotton crop, which brought a high price, and made
 “it very convenient for the farmer to supply breadstuffs, and such
 “other articles as he needed. And the cows did not cease on
 “account of the drouth to yield their crop of calves, the mares
 “their colts, or the sheep their lambs, and mutton, and wool.
 “Though the drouth was indeed severe, Western Texas did not
 “feel itself at all pinched, and things went on, so far as the close
 “observer could perceive, almost as if there had been no drouth.
 “This country has so many arrows to its bow, that there is no
 “such thing as missing the mark, if the archer be worth a row of
 “pins. If the corn arrow fails to hit the mark, the chances are
 “very great that the cotton arrow will not. If the cotton arrow

“fails, the corn arrow may not. If both the corn and the cotton
 “arrows fail, the horse arrow, the cow arrow, and the sheep arrow
 “may be depended on to hit the mark square in the bull’s-eye
 “every pop. Surely the archer who cannot bring down the game
 “in this country would be a poor bowman.

“The following table of the rainfall in several of the principal
 “points in this State and the United States will prove that Texas
 “is not the dry country that it is believed to be.”

RAINFALL IN TEXAS DURING YEAR ENDING JUNE 30, 1880.

<i>Locality.</i>	<i>Inches.</i>	<i>Locality.</i>	<i>Inches.</i>
San Antonio.....	38.33	Corsicana.....	48.53
Brownsville.....	27.37	Fort Griffin.....	37.96
Brackettville.....	26.18	Laredo.....	20.88
Coleman City.....	39.38	Mason.....	22.98
Concho.....	23.83	Galveston.....	67.47
Denison.....	50.19	Indianola.....	50.79
Eagle Pass.....	25.43		

AT OTHER POINTS IN THE UNITED STATES DURING SAME PERIOD.

<i>Locality.</i>	<i>Inches.</i>	<i>Locality.</i>	<i>Inches.</i>
Breckenridge, Minnesota.....	18.37	Los Angeles, Cal.....	21.26
Duluth, Minnesota.....	33.67	Sacramento, Cal.....	24.86
St. Paul, Minnesota.....	23.44	San Francisco, Cal.....	35.18
Cincinnati, Ohio.....	38.16	San Diego, Cal.....	16.10
Toledo, Ohio.....	34.66	Philadelphia, Penn.....	39.39
Cleveland, Ohio.....	37.13	Pittsburg, Penn.....	32.53
Sandusky, Ohio.....	39.80	New London, Conn.....	36.14
Davenport, Iowa.....	33.86	Indianapolis, Ind.....	36.38
Dubuque, Iowa.....	37.05	La Crosse, Wis.....	33.19
Grand Haven, Michigan.....	34.29	Albany, New York.....	44.59
Detroit, Michigan.....	36.71	Chicago, Ill.....	45.03
Port Huron, Michigan.....	31.20	St. Louis, Missouri.....	41.68
Denver, Colorado.....	12.81	Buffalo, New York.....	42.27
Cheyenne, Wyoming.....	13.50	Bismarck, Dakota.....	18.37
Salt Lake, Utah.....	18.32	Dodge City, Kansas.....	24.87
Omaha, Nebraska.....	38.08	Leavenworth, Kansas.....	41.67
North Platte, Nebraska.....	28.77	Boise City, Idaho.....	11.57

“By comparison it will be seen that the average rainfall in
 “Texas is fully up to that of many of the great grain-growing
 “States of the Union. There were only seven points in the
 “United States where the rainfall was greater than at San An-
 “tonio.

“The charge that Western Texas is not suitable for an agricul-
 “tural country on account of the excessive drouths is really not well
 “founded.”

The following is from the *Galveston News*:

"Texas is an empire capable of sustaining an untold quantity of animal life. Her undeveloped resources are almost beyond computation. She inherits the essentials of material and political greatness in an eminent degree.

"The climate of the State is salubrious and healthful. Within her boundaries almost every product known to the use of man can be grown. The mineral resources of the State are boundless in extent and wonderful in richness. All that tends to the comfort and happiness of mankind is found in abundance within her borders.

"The State is merely in her infancy—her possibilities as to the future can scarcely be foretold. She is possessed of all the essentials of greatness. The provision of the State for the education of her youth is munificent. In August, 1878, the permanent school fund amounted to \$3,385,571. In addition to this the school fund has about eight millions of acres of alternate sections of land located by railroad and other companies, and over thirty millions of acres under the clause, "half of the public domain of the State," which, at the minimum price at which it is allowed to be sold, viz., \$1.50 per acre, would realize \$57,000,000.

"The government of the State is managed upon economical principles. The appropriations for the State government of Texas for the year ending February 29, 1880, aggregate but \$1,218,571. This is only a fraction in excess of fifty cents per head of the population of the State, and includes the interest on the public debt and provision for the sinking fund.

"What Texas requires above all things is population to develop her wonderful resources. Her capacity to support in affluence and comfort millions upon millions from the over-crowded countries of the Old World is beyond question. It is claimed for the State of Texas, over any other section, that nowhere else is such diversity of production practicable, nor is there to be found a country possessing more natural resources within her own borders, nor one that can be made more nearly self-sustaining. It is claimed that nowhere else can as good land, in as large quantities, as near to good markets, be had at as low prices—lands upon which can be successfully grown almost every production known in the markets of the world. It is claimed that no other country affords a healthier or

more genial climate ; out-door work is practicable nine-tenths of the time, and the farmer need not labor six months that his stock may survive the remainder of the year. It is claimed, further, that no section offers as many attractions in the matter of low taxes, with the same probability of their continuing so ; and, further, it is claimed for Texas that her public debt is inconsiderable, and her schools and benevolent institutions liberally endowed.

“ THE EMPIRE STATE OF TEXAS can support upon her broad acres millions of the industrious and intelligent from all lands and nationalities, and to all such she extends a cordial invitation.”

The following interesting letter is from the Inspector General of the U. S. Army :

CHICAGO, Ill., April 12, 1882.

Hon. Alex. C. Hunt.

DEAR GOVERNOR :

I have the honor to acknowledge receipt of the prospectus of your “ Rio Grande and Pecos Railway and Telegraph Company,” and return thanks for the same.

The *great importance* of railways in our country in a military point of view, makes the study of their lines and the country through which they run, in regard to the transportation and quick concentration of troops and supplies at important and designated points and the resources available for military purposes, a matter of interest to army officers.

You are fortunate in the location of your road along the Rio Grande, the international boundary between the United States and Mexico, traversing, as it does, from S. E. to N. W., the great Empire State of Texas, and by its connections, uniting the sea on the East with lines of railway that reach to the *Far West*.

As a military road connecting the line of Military Posts along our Mexican frontier, it is of national as well as of local importance.

It will, as other railroads have done, develop and settle the country through which it passes, be a potent factor in settling peaceably our Indian troubles on that frontier, and create for itself, no doubt, a profitable traffic.

Within the scope of your main line and its branches are embraced large and valuable tracts of grazing land, with large areas of

fertile arable soil capable of producing, by proper cultivation and irrigation, valuable crops of cereals, vegetables, fruit, cotton, etc. And I predict that Texas is to be a great wine-growing State, like California, and ere many years the trains of the R. G. & P. R. Co. will doubtless run through flourishing vineyards.

The climate and soil of the section referred to will induce immigration thither, and the land will appreciate as it is settled and developed.

The cry of aridity, sterility, and non-productiveness of the country, so prevalent in the "early days of California," and since, respecting our Western States and Territories, is seldom heard now. A vast section of country pronounced unfit for agricultural purposes, is proved to be rich and productive as farming lands. This is true, whether we go to the great valley of the Rio Grande, the valleys of Mexico, or the valleys, plains, and slopes of the great West and Northwest, independent of large tracts only suitable for stock-raising. No cultivation is more certain of a crop than that by irrigation. You, Governor, and myself, have a personal knowledge of the country and its resources, whereof I speak.

Behold the change! In 1842-3 the Commissioners appointed to treat with the Sacs and Fox and Iowa tribes of Indians, reported (in effect) that it was advisable to extend Iowa Territory to, and move the Indians west of, the Missouri river, which would be a natural and proper barrier between the whites and good land on the east, and the red men and the great desert west of said river — that this desert would probably never be wanted or occupied by civilization, and that this (theirs) would be the last treaty with these Indians.

From your prospectus, and other sources of information, I judge your Company has a "bonanza" in the ownership of your coal fields — better than a gold and silver mine. The *quantity*, *quality* and *locality* of this coal, and the *demand* for it for railroad purposes as well as for domestic use, must make it of great intrinsic value at the mine, and its transportation a profitable traffic for the railways.

I congratulate you on your future prospects, and wish you success.

Yours very truly,

N. H. DAVIS,
Ins. Gen'l.

Attention is called to the following letters of Messrs. Miltimore, Hungerford, Quinn, and Mills, as having special pertinency.

DEPOT QUARTERMASTER'S OFFICE.

NEW YORK, April 13, 1882.

Dear Governor:—

I have read the prospectus of the Rio Grande and Pecos Railway and Telegraph Company with much interest. You will remember that I have had two terms of service on the Rio Grande, in Texas, which have taken me along the river from its mouth to Fort Clark, in Kinney county. I have been some distance above Fort Clark, but only for the trip, not for station.

The duties of my profession have led me to closely observe the country, its resources and products, etc., etc. To me it seems that your road, passing, as it does, along the border, its importance cannot be too highly estimated.

I would attach also much importance to your road because of its giving to the government a direct and cheap line of transportation for troops and stores from tide water; but I conceive the greater benefit to be the assistance in the protection of our frontier, by enabling troops to be moved quickly to, and maintained economically at points, when trouble from raids and thefts are to be apprehended. Again, on the score of necessity alone, not to look at economy, your road will be of great value to the government in supplying fuel from your coal mines, which furnish an abundant supply of as good cannel coal as I have ever seen. This coal, it would seem, will also be largely used by the growing cities along the Rio Grande, and by ocean-going steamers. I predict that in less than ten years after your road is put in working order, the smaller towns along the Rio Grande will grow to large ones, and the large ones, Brownsville, Hidalgo, Rio Grande City, Carrizo, Laredo, Eagle Pass, San Felipe, and others, will become cities of considerable size. My observation is, that while stock-raising is a business of the first importance in Texas, that of raising corn, cotton, and vegetables, generally, has very decidedly increased since I was stationed in Texas in 1866, and may be reasonably expected to further develop as the country is opened up. Irrigation will probably be necessary to some tracts of land, especially for the late or *second crop*, while in many others it will not be required.

I am, Sir, very respectfully,

Your obedient servant,

H. E. MILTIMORE.

Captain and A. Q. M. U. S. A.

HON. A. C. HUNT,

Laredo, Texas.

THE MEXICAN NATIONAL CONSTRUCTION CO.

Northern Division.

GALVESTON, March 3, 1882.

Gov. A. C. Hunt,

DEAR SIR:

In regard to the consignment of Laredo coal which you sent me for distribution and trial, I beg to report as follows:

The fires in the Cotton Exchange of our city were fed with it for two days, and the members of that body (being our leading commercial citizens) unanimously pronounced it the very best coal for domestic use in grates that they had seen.

I also sent some of it to the Gas Company's Superintendent, and they were so well pleased with it as to call on me as to "what price" it could be delivered in our market.

To the above I take pleasure in adding my own favorable opinion of it for steam purposes, as I have witnessed on board the steam-tug Index. I hand you letters from the Secretary of the Cotton Exchange and Superintendent of the Gas Company's works.

Yours truly,

M. QUINN.

W. L. MOODY, President.

A. G. MILLS, Secretary.

GALVESTON COTTON EXCHANGE.

GALVESTON, Tex., March 3, 1882.

Capt. M. Quinn,

Galveston.

DEAR SIR:

I beg to thank you for the sample of Laredo Coal sent by you to the Exchange for trial. It has been tested in our grates, and I have no hesitation in recommending it as very excellent coal. Such also is the concurrent opinion of the many members of the Exchange and visitors who witnessed the trial. I think the sort sent us greatly resembles the Breckenridge Cannel, and I cannot say that I deem it at all inferior to that celebrated variety.

I am, dear Sir,

Yours truly,

A. G. MILLS,

Secretary.

TEXAS MEXICAN RAILWAY COMPANY,

GENERAL SUPERINTENDENT'S OFFICE.

CORPUS CHRISTI, Texas, Sept. 2, 1881.

Gov. A. C. Hunt,

Laredo, Texas.

DEAR SIR:—I have lately made several trials of the coal from the "Santo Tomas" mine as fuel for locomotives, and with the most satisfactory results.

It was hardly a fair trial of the coal, however, as it was the first that was taken out of the mine. It had not been screened, and there was considerable slate mixed with it that should have been picked out at the mine.

Our trial was with Engine No. 19, "Mogul Pattern"—train going East left Laredo with thirty-four cars, four of them loaded, using "Santo Tomas" mine coal for fuel. The engine made running card time between Laredo and the top of the hill (thirty-eight miles), the grades some of the distances being forty feet per mile. The boiler held a steam pressure of 130 to 135 pounds per square inch all the time. The coal burned with a clear white flame, giving an intense heat. It is free from sulphur and does not clinker—the only signs of clinkers was a small amount of slate, which should have been picked out at the mines. As the engine was provided with a rocker grate, a couple of shakes when the engine was running would drop the slate and leave the fire clear and fresh.

A ton of this coal, if clean, will go farther than the Westmoreland or English coal that we are now using at Aransas Pass, as we have tried it in the same locomotive with that result.

I hope a road to the mines will be built without delay, as the supply of wood for fuel is very limited, and the road will have to depend upon the coal mines for fuel at an early day.

Respectfully yours,

W. W. HUNGERFORD,

Gen'l Sup't.

ST. LOUIS, March 16, 1882.

Gov. A. C. HUNT, Pres't

Rio Grande and Pecos Railway Co.,

DEAR SIR:

I have taken considerable pains to investigate the amount of coal that would be required to furnish the several railroads and markets dependent upon your mines for fuel, as soon as you are in position to furnish it, and have the means of transportation provided.

The International in Texas and Mexico will require daily	
about.....	200 tons.
Texas-Mexican.....	50 "
Mexican National Railway.....	100 "
Corpus Christi for shipment.....	100 "
Brazos Santiago for Steamships Tampico and Vera Cruz.....	300 "
Making a total of.....	750 "

Counting 300 working days for a year, and this would make a total production of 225,000 tons per annum. On examination, I think you will admit that I have a sufficiently low estimate on tonnage of coal. The railway from the mines to Brazos Santiago can be constructed, and rolling stock placed upon it, for the sum of \$4,500,000. This will be a first-class road-bed, with steel rails 40 lbs., or iron of 56 lbs. per yard, 2,640 ties per mile, and sufficient amount of rolling stock.

Now, as regards earnings.—As I have stated, the total production will undoubtedly reach 225,000 tons per annum, 90,000 tons of which would be carried to Brazos Santiago—

250 miles, at 2c. per ton per mile.....	\$450,000
Leaving 135,000 tons to be transported 25 miles, at 2½c.	
per ton per mile.....	84,375
	<hr/>
	\$534,375

Then there is the merchandise and passenger traffic of the road, including the several military posts on the Rio Grande, which, on the lowest estimate that can be placed upon it, will amount to at least, the first year..

	350,000
Making a total of gross earnings.....	<hr/>
	\$884,375

Operating expenses will not exceed.....	450,000
	<hr/>
	\$434,375
Now add \$0.50 per ton royalty on the coal, 225,000 tons..	112,500
	<hr/>
or a net total of.....	\$546,875
Deduct interest on \$4,500,000, bonds (approximate)....	270,000
	<hr/>
Leaving as surplus after paying fixed charges.....	\$276,875

These estimates have been carefully made, and while I am fully satisfied that I have kept far within bounds on the coal estimates, I know I have underestimated the passenger and general merchandise traffic.

In conclusion, I must say I have never known of any railway enterprise start out with such a certainty of a sure and brilliant success as this one, having, as it has, the immense coal-fields near Laredo to back it up, and nearly one-half the product of the mines to be transported over its entire length at remunerative rates.

Yours truly, &c.,

W. W. HUNGERFORD,

Supt. and Chief Engineer

Rio Grande & Pecos Railway.

THE RIO GRANDE AND PECOS RAILWAY COMPANY.

FIRST MORTGAGE.

THIS INDENTURE, made this 15th day of May, in the year of our Lord one thousand eight hundred and eighty-two, by and between The Rio Grande and Pecos Railway Company, a corporation duly organized and existing under the laws of the State of Texas, one of the United States of America, hereinafter called the Company, and The Mercantile Trust Company of the City, County and State of New York, hereinafter called the Trustee, witnesseth :

That whereas, The Company has the franchise to be a corporation under the laws of said State of Texas, and has the right to construct, has partly constructed, is now constructing, and will complete and put into operation as soon as practicable, the following line of railway :—

1. Beginning at or near Brownsville, in the County of Cameron, and running up the left bank or Texas side of the Rio Grande River, through the Counties of Cameron, Hidalgo, Starr, Zapata, Webb, Maverick, Kinney, and Crockett Counties by the most practicable and eligible route to the mouth or junction of the Pecos River with the Rio Grande River in Crockett County, in the State of Texas, with the right to connect with any line in the United States and also the right to build branch lines.

And also the right to construct and maintain docks, wharves, elevators, and warehouses, in connection with said lines ;

And whereas, The Company expects to construct a portion of its single track road, with three rails, with the necessary sidings and turnouts, and to maintain and operate other railways and branches and extensions thereof ;

And whereas, For the purpose of obtaining means to aid in the construction, equipment, and operation of said lines of railway to pay interest during construction, to purchase or redeem any bonds of the Company which at any time may be outstanding, and for the general purposes of said corporation, the Company desires to execute and sell its first mortgage bonds, to be issued from time to time in different series, bearing such dates and rates of interest and payable at such times as the Directors of the Company deem advisable. The total amount of all said bonds at any time outstanding not to exceed \$20,000 for each mile of three rails, and \$16,000 for each mile of single track of constructed railway. The said bonds shall be issued only upon the delivery to the Trustee of a certificate sworn to by the President of the Company, showing the number of miles of railway completed and ready for operation, and such issue shall be limited to such number of miles so certified to.

And whereas, This Indenture has been authorized by a resolution of the Board of Directors of the Company,
And whereas, In pursuance of said resolution and authority, and as authorized by law, the Company has determined to issue such first mortgage bonds as aforesaid.

And whereas, Said bonds, omitting dates, amounts, and rates of interest, are substantially of the form and tenor following, namely :

“ No.

\$

“ **United States of America.**

“ STATE OF TEXAS.

“ **THE RIO GRANDE AND PECOS RAILWAY
 COMPANY.**

“ *First Mortgage Six per cent. Gold Bond.*

“ The Rio Grande and Pecos Railway Company acknowledges itself indebted to The Mercantile Trust Company, Trustee, or bearer, in the sum of

dollars, which sum it will pay in gold coin of the United States of America, at par, the first day of _____, A. D. _____, in the City of _____, in the State of _____, and also will pay interest on said sum semi-annually, at the rate of _____ per centum per annum, in the like gold coin, at _____, on the first days of _____ and _____, in each year, upon presentation and delivery of the coupons annexed as they respectively become due."

"This is one of the first mortgage bonds of said Company, all of like tenor issued and to be issued from time to time in series, bearing such dates and rates of interest and payable at such times as the Directors deem advisable to fix therein, and absolutely limited, so that the total of said bonds outstanding at any time shall not exceed \$20,000 a mile of three rails, and \$16,000 for each mile of single track of constructed railway. All said bonds, without preference, are secured by a first mortgage, dated May _____, 1882, executed by said Company upon all its railway lines constructed and to be constructed, with all their appurtenances, upon its twenty thousand acres of coal land in Webb County, Texas, all lands that may be received from the State of Texas in aid of its construction, and all lands that it may receive, as donations from individuals or corporations, to The Mercantile Trust Company, Trustee, and none of said bonds are binding upon the Company, unless authenticated by a certificate endorsed thereon, signed by said Trustee, its successor or successors in said trust."

"This bond is transferable by delivery, or it may be registered upon the books of the Company, and thereafter transferred only by the registered holder, or his attorney, upon said books, with endorsement hereon by the treasurer or transfer agent of the Company, unless the last transfer is to bearer, which will restore transferability by delivery, subject to successive registrations at the will of the holder."

“If the holder desire, he may sever and deliver for cancellation all the coupons remaining upon any registered bond, and thereafter interest will be paid only to the registered holder or his attorney.”

“*In witness whereof*, said Company has caused these presents to be signed by its President and attested by its Secretary, and its corporate seal to be affixed, this _____ day of _____, 19____.

day of

A. D.

By

President.

Attest :

Secretary "

(FORM OF COUPON OR INTEREST WARRANT.)

“ \$30.

\$30.

The Rio Grande and Pecos Railway Company will pay the bearer, at its Financial Agency in the City of New York, Thirty Dollars in United States gold coin, on the day of , 188 , being six months' interest then due on its First Mortgage Bond No. June, 1912.”

No.

, *Treasurer.*

And each and all of said bonds shall have endorsed thereon the following certificate of the Trustee :

(TRUSTEE'S CERTIFICATE.)

“ It is hereby certified that the within bond is one of the bonds secured by the said deed of trust within mentioned.

, *Trustee.*”

And whereas, The Company desires to secure the payment of the principal and interest of all said first mortgage bonds without preference, by reason of priority of issue, or any cause whatsoever, by mortgaging all said franchises, railways, with their rights of way, equipment, accessories, and appurtenances of every description, including docks, wharves, elevators, warehouses, stations, shops, and structures of every kind, now and hereafter pertaining thereto, its twenty thousand acres of coal lands in Webb County, Texas, all lands that may be received from the State of Texas in aid of its construction, and all lands that it may receive, as donations from individuals or corporations, to the Trustee, for the equal benefit of any and all persons and corporations who may at any time become holders of any of said bonds, according to their several interests ;

And whereas, The Trustee is willing to accept said trust ;

Now therefore, In consideration of the premises, and of one dollar paid to the Company by the Trustee, the receipt whereof is hereby acknowledged, the Company

hereby gives, grants, bargains, sells, and conveys to the Trustee, its successor or successors in said trust, all the said franchises, lands, rights of way, railways, with their equipment, appurtenances, and accessories of every description, docks, wharves, elevators, warehouses, stations, shops, and structures of every kind whatsoever, together with all tools, carts, animals, rails, fastenings, locomotives, cars, ties, railway machinery, and material of every kind destined to be used in the construction, maintenance, or operation of the same, which now are and hereafter may come into the possession and be operated or intended so to be by the said Company, and all the tolls, rents, and profits thereof. The true intent and meaning of these presents being to create a first lien upon all and every property belonging or appertaining to said Company now and hereafter, until the extinguishment of said bonds hereby intended to be secured by the actual payment thereof, to have and to hold to the Trustee, its successor or successors and their assigns, in trust for the purposes and upon the conditions and agreements following, namely :

ARTICLE 1.—Until default shall be made in the payment of principal or interest of the said bonds, or some of them, or until default shall be made in respect to something by these presents required to be done, observed, performed, or kept by the Company, it and its successors and assigns shall be suffered and permitted to possess, manage, operate, and enjoy the said properties, and every part thereof, with their equipments and appurtenances, and to take and use the tolls, rents, and profits thereof in the same manner and with the same effect as if this deed had not been made, except as hereinafter provided.

ARTICLE 2.—The Company shall pay any taxes and assessments which may be levied upon said property ; but, unless the Trustee in writing requests the Company to pay the same, failure to make such payment shall not be deemed a default within the meaning of the third

and fourth articles, unless such failure shall be upwards of one year, but if any tax or assessment is contested by the Company, then the one year to date from the final determination of such contest.

ARTICLE 3.—In case default shall be made in the payment of any interest, on any of the aforesaid bonds issued or to be issued, according to the tenor thereof, or of the coupons thereto annexed, or in any requirement to be done or kept by the Company, and such default shall continue for the period of twelve months, or before the expiration of twelve months if the Company consent, it shall be lawful for the Trustee, its successor or successors in said trust, personally, or by attorney or agent, to enter into or upon all and singular the premises hereby conveyed, or intended so to be, and each and every part thereof, and to have, hold, and use the same, operating by its or their attorney, agent, or servants the said premises, and conducting the business thereof, and making from time to time all repairs and replacements, and such useful alterations and improvements thereto as may seem to it or them or him to be judicious; and to collect and receive all tolls, incomes, rents, issues, and profits of the same, and of every part thereof; and after deducting the expenses of operating and conducting said business, and of all said repairs, replacements, alterations, and improvements, and all payments which may be made from taxes, assessments, charges, or liens, prior to the lien of these presents upon the said premises, or any part thereof, the moneys arising as aforesaid shall be applied to the payment of interest upon said bonds in the order in which such interest shall have become or shall become due, ratably to the persons holding the evidence of the right to such interest; and after paying all interest which may be due, then the remainder shall be applied to the satisfaction of the principal of the said bonds which may be at that time due and unpaid, ratably, and without discrimination or preference. Provided that, if at any time prior to actual sale of said property by the Trustee, under the power herein granted, the Company

shall pay all interest and the principal of all bonds secured hereby, which may be due and unpaid, and also all lawful taxes and assessments which may be overdue; or, if the Trustee in possession has paid the same in full out of the earnings of said property, in either case said property, with all repairs and improvements, and all moneys, claims, accounts, and demands pertaining to the same, in the possession of the Trustee, shall be surrendered to the Company, subject, however, to the provisions of this mortgage. Such possession shall be limited to eighteen months, at farthest, from taking possession as aforesaid, unless a majority in amount of the bondholders shall determine, at a meeting duly convened, to continue such possession. If not, a sale shall take place of the whole of said property, as hereinafter provided, with all convenient speed.

ARTICLE 4.—In case default shall be made as aforesaid, and shall continue as aforesaid, or in case default shall be made in the payment of the principal of any of the said bonds, or any part thereof, and such default shall continue for the period aforesaid, it shall likewise be lawful for the Trustee, its successor or successors in said trust, after entry as aforesaid, or without entry, personally or by their attorney or agent, to sell and dispose of all and singular the premises hereby conveyed, or intended so to be, at public auction, in the City of New York, having first given notice of the time and place of such sale, by advertisement to be published not less than three times a week for six weeks, in one or more newspapers in said City of New York, and such other advertisement as it or they deem advisable, and to adjourn the said sale from time to time in its or their discretion; and if adjourned, to make the same at the time and place to which the same may be so adjourned; and upon such sale, to make and deliver to the purchaser or purchasers of the property so sold, good and sufficient deed or deeds in law for the same; which sale, made as aforesaid, shall be a perpetual bar, both in law and equity, against the Company, and all persons whomsoever, lawfully claim-

ing said premises, or any part thereof, by, from, through, or under it; and after deducting from the proceeds of such sale just allowances for all expenses, advances, or liabilities which may have been made or incurred by the trustees in operating and maintaining the said premises, and all payments which may have been made by them for taxes or assessments thereon, as well as compensation for their own services, to apply the remainder of said proceeds to the payment of the principal of such of the aforesaid bonds as may be at that time unpaid, whether or not the same shall have become due, and of the unpaid interest which shall at that time have accrued on the said principal, without discrimination or preference, ratably to the aggregate amount of such principal and interest; and if, after satisfaction thereof, a surplus shall remain, to pay over the same to the Company or to whomsoever may be lawfully or equitably entitled to receive the same. At such sale the railroad shall be first sold as a whole, with its equipment, shops, depots, and appurtenances, excepting therefrom the coal lands hereinbefore set forth. And if the sale of such railway shall yield sufficient to pay the amount of said bonds, together with the accrued interest thereon, and all expenses incident to said trust, there shall be no sale of the coal lands; but should the proceeds of the sale prove insufficient, then the said Trustee may proceed to sell the said coal lands, or so much thereof only as may cover such deficiency.

And it is hereby declared that the receipt of the Trustees shall be that such purchaser, his heirs, executors, administrators or assigns shall not, after payment thereof, and having such receipt, be liable for any loss or misapplication of the purchase money, or any part thereof, or be obliged to inquire into the necessity, expediency, or authority of or for any such sale.

ARTICLE 5.—In case default shall be made in the payment of any half-year's interest on any of the aforesaid bonds, the respective coupon having been presented and the payment having been demanded, and such default

shall continue for the period of twelve months after the said coupon shall have become due and payable, then and thereupon the principal of all the bonds secured hereby shall, at the election of the Trustee, or by a majority in amount of the bondholders, at a meeting duly convened, expressed by resolution, become immediately due and payable, anything contained in the said bonds or herein, to the contrary notwithstanding; and a majority in interest of the holders of said bonds may, by an instrument in writing, signed by such majority before the interest in arrears shall be paid, instruct the Trustee to declare the said principal to be due, or to waive the right so to declare, on such terms and conditions as such majority shall deem proper, or may annul or reverse the option of the Trustee, provided that no action of the Trustee or bondholders shall extend to, or be taken to affect, any subsequent default, or to impair the rights resulting therefrom.

ARTICLE 6.-- The Company shall, from time to time, and at all times hereafter and as often as thereunto requested by the Trustee, execute, deliver, and acknowledge all such farther deeds, conveyances, and assurances in the law, for the better assuring to the Trustee, upon the trusts herein expressed, the said premises hereinbefore conveyed or intended so to be, and any and all branches and extensions of said lines of railway with their equipment and appurtenances, as by the Trustee, or by its counsel learned in the law, shall be reasonably advised or required. Provided that, if said Company shall hereafter acquire any additional or other franchises to build railway or railways other than the one herein described and conveyed in trust as aforesaid, and shall construct any railways thereunder, it may at its election consider the same as included in the terms of this mortgage and subject to all its provisions, or it may make a separate mortgage or mortgages thereon, and issue its bonds in accordance therewith.

ARTICLE 7.—The Trustee shall have full power, in its discretion, upon the written request of the Company, to

convey, by way of release or otherwise, to the persons designated by the Company, any lands acquired or held for the purposes of yards, stations, warehouses, shops, or other buildings; and shall also have power to convey as aforesaid, on like request, any lands or property which, in the judgment of the trustee, shall not be necessary for use in connection with the said railways, or which may have been held for a supply of fuel, gravel, or other materials; and also to convey as aforesaid, on like request, any lands not occupied by the track which may become disused by reason of a change of the location of any station, house, depot, shop, or other building, and such lands occupied by the track, and adjacent to any station, house, depot, shop, or other building, which the Company may deem it expedient to disuse or abandon by reason of such change; and to consent to any such change and to such other changes in the location of the track, or depots or other buildings, as in their judgment may be expedient; and to make and deliver the conveyance necessary to carry the same into effect; but any lands which may be acquired for permanent use, in substitution for any so released, shall be conveyed to the Trustee upon the trusts of these presents. Before breach of any of the covenants of this deed of trust by the Company, it may sell lands other than the coal lands hereinbefore set forth, at such price and upon such terms as they shall deem expedient, and the proceeds thereof to be paid over to the Trustee, to be invested by said Trustee in the bonds of said Company, as a sinking fund for the redemption of said bonds at maturity, and said Trustee shall, on payment of purchase money, release any or all of said lands from the lien of this mortgage; and as to the coal lands, the Company may likewise sell the same on like conditions, by and with the consent of the Trustee.

ARTICLE 8.—It shall be the duty of the Trustee to execute the power of entry hereby granted, or the power of sale hereby granted, or both, or to take appropriate proceedings in equity at law to enforce the rights of the

bondholders under these presents, upon the written request of holders of a majority in interest of the outstanding bonds and a proper indemnification against the costs and expenses likely to be incurred.

ARTICLE 9.—If the party of the first part shall well and truly pay the principal of the said bonds and every of them, and all interest thereon, according to the tenor of the said bonds and the coupons annexed thereto, and shall well and truly observe, perform, and keep all and singular the several things herein required to be by it performed or kept, according to the true intent and meaning of these presents, then, and in that case, all the estate, right, title, and interest of the Trustee, its successor, survivor, and the survivor of its assigns in the trust hereby created, shall cease, determine, and become void; otherwise the same shall be and remain in full force and virtue.

ARTICLE 10.—The present or any future Trustee may resign upon thirty days' notice, in writing, to the Company and to the registered holders of the bonds hereby secured, and may be removed at any time by a vote of a majority in interest of the holders of said bonds outstanding, at a meeting of the bondholders, attested by a written statement of such vote signed by the persons so voting, and may be removed at any time by the Company, its successors or assigns, with the written assent of the holders of a majority of all said bonds outstanding, and any vacancy in the trusteeship hereby created, occasioned by the dissolution, death, resignation, removal, incapacity, or refusal to act of the present or any succeeding Trustee, may be filled by appointment made by the Company, with the approval of the majority in interest of the bondholders present or represented in proxy at a meeting held for that purpose, and such action may be had in anticipation of and before the actual happening of a vacancy. And, if the vacancy is not filled as aforesaid before the expiration of thirty days after the same has occurred, any Justice of the Supreme

Court of New York may, upon the application of the Company, and of any holder or holders of a majority of the registered bonds outstanding, appoint one or more persons or corporations to fill said vacancy.

The said Trustee shall receive a reasonable compensation for every act done by it as such Trustee under this indenture; and the said Trustee shall not be required to take any step in the execution of this trust likely to subject it to liability or expense, unless the holders of the bonds secured thereby, or some of them, shall give sufficient security to indemnify the Trustee from such liability or expense.

It is agreed between the parties hereto, and made part of the contract with the holders of the bonds secured hereby, that the said Trustee herein shall not be required to look beyond the certificate of the President as herein provided, and shall not be responsible in any event for any act done in pursuance of such certificate or certificates, nor be responsible for the application of the money resulting from sale of said bonds. No Trustee shall be removed until its or his reasonable claim for services rendered and expenditures made in carrying out the trust up to the date of such removal, have been paid.

And the act of appointment made in any of the ways aforesaid, and the acceptance on the part of the appointee, shall vest in such appointee all the estates, rights, titles, properties, interests, and powers before vested in his or its predecessor under this mortgage, upon the trust agreements, and conditions therein declared. Nevertheless, the present and any and all future trustees hereunder, by the acceptance of said trusts, severally covenant and agree for themselves, their successors, executors, and administrators, respectively, that they will execute, acknowledge, and deliver, each to his or its respective successor or successors in said trust, from time to time, and at all times as often as requested thereunto by the Company or by the holders of a majority of said bonds outstanding, such deeds, conveyances, and assurances in the law, for the better assuring to such successor or suc-

cessors the said estates, rights, titles, properties, interests, and powers, as counsel learned in the law may reasonably advise or require. Meetings of the bondholders for any of the purposes mentioned in the fifth, eighth, and tenth articles, may be called by holders of a majority in amount of the bonds outstanding, by publishing notice of the time and place of meeting in one or more newspapers in the City of New York, twice each week for six successive weeks prior to the time of said meeting. And, in all meetings of bondholders, holders of record, and persons exhibiting proof satisfactory to said meeting that they are *bona fide* holders of said bonds, shall be entitled, in person or by attorney, to vote in proportion to the amounts held by them.

ARTICLE 11.—The Trustee may, in case of necessity, with previous consent of the Company if not in default, employ agents, attorneys, or servants in the discharge of said trust, and their just and reasonable charges shall be paid by the Company. The Trustee, its successor or successors in said trust, shall not be liable for any error of judgment or mistake of fact made in good faith, nor for any act or thing whatsoever done, suffered, or neglected by its or their agents, attorneys, servants, or employés, selected in good faith in the discharge of said trusts. And, if at any time there shall be two or more trustees joined in the said trusts, neither shall be in any manner answerable for the acts of the other.

And inasmuch as it is intended that this indenture shall be simultaneously recorded in the proper offices in each of the several counties of Texas, wherein the railway property and premises conveyed hereby, or intended so to be, or some part thereof, is situate. This indenture further witnesseth that although eight copies or counterparts thereof are simultaneously executed by the Company under its corporate seal, attested by its President and Secretary, in pursuance of a resolution of its Board of Directors, and delivered to the said Trustee; and the said Trustee, in evidence of its acceptance of the trusts thereby created, have likewise to each of said

eight copies or counterparts set its hand and affixed its seal simultaneously, to the end that one thereof may be recorded in each of said counties as aforesaid, all such copies or counterparts so executed and delivered, each as an original, shall be deemed to constitute but one instrument, and to have been duplicated solely for the purpose of simultaneously recording the same.

In witness whereof, the Company has caused its corporate seal to be affixed to these presents, and the same to be signed by its President and attested by its Secretary; and the Trustee, to signify its acceptance of said trusts, has also caused its corporate seal to be affixed thereto, and the same to be signed by its President and attested by its Secretary, the day and year first above written.

THE RIO GRANDE AND PECOS RAILWAY COMPANY.

By

[SEAL.]

A. C. HUNT,
President.

Attest:

H. L. CAKE,
Secretary.

THE MERCANTILE TRUST COMPANY.

By

[SEAL.]

LOUIS FITZGERALD,
President.

Attest:

H. C. DEMING,
Secretary.



GULF OF MEXICO
MAP OF THE
RIO GRANDE AND PECOS
RAILWAY

SHOWING ITS CONNECTIONS WITH THE
TEXAS MEXICAN, TEXAS MEXICAN SHORT LINE, MEXICAN NATIONAL,
TEXAS & ST. LOUIS AND DENVER & RIO GRANDE NARROW GAUGE SYSTEMS
AND ALSO THE
INTERNATIONAL & GREAT NORTHERN, MEXICAN ORIENTAL
INTEROCEANIC & INTERNATIONAL, NEW YORK, TEXAS & MEXICAN
AND INTERNATIONAL & MEX. STANDARD GAUGE ROADS.

1882

Cannel Coal Field

Standard Gauge ————— Narrow Gauge —————